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ASCS Commodity Fact Sheet

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USA?

RICE

Summary of 1994 Support Program and Related Information

United States
Department of
Agriculture

Agricultural
Stabilization and
Conservation
Service

September 1994

LEGISLATIVE AUTHORITY

The Agricultural Act of 1949, as amended.

ACREAGE REDUCTION PROGRAM (ARP)

A zero-percent acreage reduction program is effective for the 1994 rice crop. To be eligible for income and price support payments, producers must limit 1994 rice plantings to no more than 100 percent of the farm's rice acreage base. There is no paid land diversion program for the 1994 rice crop.

ACREAGE CONSERVATION RESERVE (ACR)

There is no requirement to devote rice acreage base to the Acreage Conservation Reserve (ACR). The ACR requirement is calculated as the farm's rice acreage base times the ARP reduction requirement that, for the 1994 rice crop, is zero percent.

MAXIMUM PAYMENT ACREAGE

The maximum acreage for deficiency payments for 1994-crop rice will be 85 percent of the established crop acreage base. The 15 percent nonpayment acreage is known as "normal flex acres," described below.

PLANTING FLEXIBILITY

Producers may plant certain other crops on up to 25 percent of any participating rice crop acreage base. This acreage is known as "flex" acreage, and the plantings can be credited as "considered planted" to rice.

NORMAL AND OPTIONAL FLEX

The first 15 percent of the rice acreage base is "normal flex acreage" (NFA) and the next 10 percent is "optional flex acreage" (OFA).

Normal Flex Acres are not eligible for deficiency payments, whether or not they are planted to rice, or "flexed" to another crop. Nevertheless, program crops or oilseeds planted on NFA are eligible for price support loans and loan deficiency payments.

If **Optional Flex Acres** are planted to rice, they are eligible for price support loans, loan deficiency payments, and target price deficiency payments. If they are "flexed" to another crop, they are not eligible for rice program payments. However, other program crops or oilseeds planted on OFA are eligible for price support loans.

FLEX CROPS

All crops may be harvested on flex acreage except fruits and vegetables (not including adzuki, faba and lupin beans), peanuts, tobacco, wild rice, trees and nuts.

TARGET PRICE

The 1994 established "target" price is \$10.71 per cwt.

**DEFICIENCY
PAYMENTS**

The deficiency payment rate for the 1994 rice crop will be calculated differently than in prior years. The deficiency payment rate will be the difference between the target price and the lower of (1) the weighted average price of rice received by producers during the 1994 calendar year, or (2) the weighted average price of rice received by producers during the August through December 1994 period plus \$0.27 per cwt. If average prices for both of these two periods equal or exceed the target price, no deficiency payments will be made other than those guaranteed under the 50/85 provision. The payment rate may not exceed \$4.21/cwt. which is the difference between the target price and the national average price support rate of \$6.50/cwt.

**ADVANCE
DEFICIENCY
PAYMENTS**

Advance deficiency payments based on 50 percent of the projected deficiency payment rate of \$0.94 per cwt. are available to producers enrolled in the 1994 program. The advance was paid in cash at signup and was limited to the producer's intended program acreage.

Final deficiency payments will be made starting in February 1995. Any advances received will be deducted from the total payment due. Producers who accept advance payments, but who later do not comply with program provisions, must immediately refund the advance with interest.

**50/85 PROVISION
AND PAYMENT
ACREAGE**

Deficiency payments are available on the lower of the acreage actually planted to rice or the maximum payment acreage (MPA). However, growers who plant less than their MPA may receive deficiency payments on a portion of their underplanted acreage. The payment rate for Conserving Use Acreage will be no less than the projected deficiency payment rate.

If growers plant between 50 and 85 percent of their MPA to rice and devote the remaining acres of their MPA to a conserving use (CU), they will be eligible to receive deficiency payments on 85 percent of the MPA.

HAYING/GRAZING

Grazing of CU acreage (including the required 15 percent) of the 50/85 provision will be permitted except during 5 consecutive months between April 1 and October 31 as designated by the State Agricultural Stabilization and Conservation Committee.

On normal and optional flex acres, haying and grazing is permitted year round. Haying and grazing of Conservation Reserve Program acreage is prohibited.

LOAN RATE

Price support rates for warehouse-stored rice are based on the class and actual milling yield and quality of each individual lot of rice. Rates for farm-stored rice are based on state-level estimates of milling yield and quality for the prior three years. The rates are established to achieve the national-average support rate of \$6.50 per cwt. The whole kernel loan rates per pound are 10.72 cents for long grain and 9.72 cents for medium and short grain. The broken kernel rate is 5.36 cents. Loans are available from harvest time through May 31, 1995. Loans mature on demand but not later than the last day of the ninth calendar month following the month in which the loan was approved.

Producers who pledge 1994 crop rice as collateral for a price support loan will not be permitted to purchase marketing certificates when repaying loans at a reduced rate.

LOAN REPAYMENT RATE

The marketing loan provision allows for loans to be repaid at a rate below the loan rate. If the announced world price of rice is less than the loan rate at the time the loan repayment occurs, the loan may be repaid at the world price subject to the limitation that the repayment rate may be no less than 70 percent of the loan rate. If the announced world price equals or exceeds the loan rate at the time of the loan repayment, the loan must be repaid at a rate equal to the loan rate plus charges and interest.

LOAN DEFICIENCY PAYMENTS

Eligible rice producers who forgo receiving price support loans are eligible to receive a cash payment equal to the gain which might be realized by repaying a price support loan at a reduced rate. The gain is the difference between the loan rate and the prevailing world market price.

Under this option, producers may elect to apply for a loan deficiency payment during the loan availability period on a quantity of rice not to exceed their loan-eligible production.

WORLD PRICE

The Secretary of Agriculture announces the world price of rice based on a published formula. The world price is based on prices at which foreign-origin rice is being sold in world markets. Such prices are adjusted to U.S. quality and location and are calculated to a loan rate basis, that is, separately for long, medium, and short, whole milled kernels and for broken milled kernels.

**MARKETING
CERTIFICATE
PAYMENTS**

Marketing certificate payments will be made available to producers and eligible cooperatives obtaining loan deficiency payments or repaying price support loans at a time when the prevailing world rice price is below the minimum loan repayment rate. (The minimum loan repayment rate is 70 percent of the loan rate). The payment amount will equal the difference between the minimum loan repayment rate for the eligible rice and the world market price multiplied by the quantity of eligible rice. Application for payments is realized when producers' requests for loan or loan deficiency payments are approved.

**CROP
ACREAGE BASES**

The 1994 acreage base for a farm is the average of the acres planted and considered planted (P and CP) for the three year period of 1991 through 1993, with no adjustment for zero P & C P years.

**NON-
PARTICIPATING
CERTIFICATION**

Producers who choose not to participate in any annual program for program crops will have a "zero certification" option that allows them to have their entire program CAB considered as planted for base protection.

CROSS COMPLIANCE

Cross compliance requirements are not in effect for the 1994 crop of rice.

**OFFSETTING
COMPLIANCE**

Offsetting compliance requirements do not apply. Program payment or loan eligibility for a commodity on a farm are not affected by actions taken with respect to that commodity on another farm.

**FARM PROGRAM
PAYMENT YIELD**

The 1994 farm program payment yield is the payment yield for the 1990 crop year. However, any producer whose 1994 program yield is reduced below 90 percent of the 1985 program yield will receive deficiency payments sufficient to guarantee a return equal to 90 percent of the 1985 program yield. Proven yields are not authorized for the 1994 crops. Price support loans and loan deficiency payments, however, are based on eligible production rather than on program yields.

PAYMENT LIMITATION

The basic limitation for deficiency and diversion payments is \$50,000 per person. Other payments for benefits such as that portion of deficiency payments attributable to a reduction in the statutory loan rate ("Findley" payment), loan deficiency payments and gains from marketing loans (except honey) are limited to an additional \$75,000 per person. July 1, 1994, is the date for determining the status of individuals or entities in applying the 1993 maximum payment limitation requirements.

**DIVISION OF
PAYMENTS**

Payments must be divided as the crops or proceeds are divided (or would have been divided if the crops had been produced).

**BINDING
CONTRACTS**

Contracts signed by program participants are binding and provide for liquidated damages for failure to comply with program requirements.

**WETLAND
CONSERVATION
PROVISIONS**

Any person who plants an agricultural commodity on a wetland converted after December 23, 1985, will be ineligible for U.S. Department of Agriculture (USDA) program benefits for that year. Any person who converts a wetland after November 28, 1990, will be ineligible for USDA benefits for that year and subsequent years until the wetland is restored.

**HIGHLY ERODIBLE
LAND
CONSERVATION
PROVISIONS**

By the later of January 1, 1990, or 2 years after the Soil Conservation Service (SCS) completes soil survey mapping for an area, all producers must have an approved conservation plan before planting an agricultural commodity on highly erodible land to be eligible for USDA benefits. Producers with approved conservation plans must be actively applying the conservation system contained in the plan.

Beginning January 1, 1995, all conservation systems must be fully applied on highly erodible land for a producer to earn program benefits. Those producers who have not fully applied their conservation system as of January 1, 1995, will remain ineligible for USDA program participation until SCS certifies that the conservation system is fully applied.

The United States Department of Agriculture (USDA) prohibits discrimination in its programs on the basis of race, color, national origin, sex, religion, age, disability, political beliefs and marital or familial status. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (braille, large print, audiotape, etc.) should contact the USDA Office of Communications at (202) 720-5881 (voice) or (202) 720-7808 (TDD).

To file a complaint, write the Secretary of Agriculture, U.S. Department of Agriculture, Washington, D.C., 20250, or call (202) 720-7327 (voice) or (202) 720-1127 (TDD). USDA is an equal employment opportunity employer.

Summary Table I: Rice - Production, Supply, Use, Price and Income Measures - 1985-1994

Unit	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
PROGRAM PROVISIONS										
ARP/CLD	20/15	35	35	25	25	20	5	0	5	0
Allotment/Base	4234	4249	4183	4155	4168	4154	4155	4139	4143	4171
Participation Rate	90	94	96	94	94	94	95	96	96.5	94
Comply Base/Pay Acres	3814/2214	3978/2501	3998/2520	3918/2858	3906/2816	3890/2992	3947/3055	3989/3257	3996/3049	3922/3164
Idled: ACR	682	1305	1320	950	939	735	198	0	199	0
Idled: 50/92	na	174	238	138	245	287	498	446	481	247
Flexed/Idled No rice	na	na	na	na	na	na	447	448	469	402
Diverted/PIK	559	--	--	--	--	--	--	--	--	--
ACREAGE/YIELD										
Planted Acres	2512	2381	2356	2933	2731	2897	2878	3174	2920	3355
Harvested Acres	2492	2360	2333	2900	2687	2823	2775	3132	2833	3300
Harvested Yield	5414	5651	5555	5514	5749	5529	5674	5736	5510	5710
Program Yield	5036	4713	4680	4859	4864	4849	4849	4843	4850	4845
SUPPLY/USE										
Beginning Stocks	64.7	77.3	51.4	31.4	26.7	26.3	24.6	27.4	39.4	22.9
Production	134.9	133.4	129.6	159.9	154.5	156.1	157.5	179.7	156.1	188.4
Imports	2.2	2.6	3.0	3.8	4.4	4.8	5.3	6.1	7.0	8.0
Total Supply	201.8	213.3	184.0	195.1	185.6	187.2	187.3	213.2	202.6	219.3
UTILIZATION										
Food	45.6	51.3	54.9	57.4	60.1	63.8	65.5	68.8	70.5	73.0
Seed	2.6	2.6	3.6	3.3	3.6	3.6	3.9	3.8	4.2	4.0
Brewers	14.1	14.8	15.4	15.6	15.4	15.3	15.4	15.1	15.0	15.0
Total Domestic	62.3	68.7	73.9	76.4	79.1	82.7	84.8	87.7	89.7	92.0
PL-480	13.8	19.7	16.8	17.5	12.1	15.0	14.0	14.0	11.0	11.0
Commercial	44.9	64.5	55.4	68.4	65.1	55.9	52.4	63.0	70.0	72.0
Total Exports	58.7	84.2	72.2	85.9	77.2	70.9	66.4	77.0	81.0	83.0
Residual	3.5	9.0	6.5	6.0	3.0	9.0	8.7	9.0	9.0	9.0
Total Disappearance	124.5	161.9	152.6	168.3	159.3	162.6	159.9	173.7	179.7	184.0
ENDING STOCKS										
CCC Inventory	77.3	51.4	31.4	26.7	26.3	24.6	27.4	39.4	22.9	35.3
Free	43.6	9.1	0.0	0.0	0.0	0.0	0.4	0.1	0.0	0.1
All Stocks/Annual Use	33.7	42.3	31.4	26.7	26.3	24.6	27.0	39.3	22.9	35.2
Percent	62.1	31.7	20.6	15.9	16.5	15.1	17.0	22.7	12.7	19.2
PRICES										
Target Price	11.90	11.90	11.66	11.15	10.80	10.71	10.71	10.71	10.71	10.71
Loan Rate	8.00	7.20	6.84	6.63	6.50	6.50	6.50	6.50	6.50	6.50
Season/Farm Price	6.53	3.75	7.27	6.83	7.35	6.70	7.58	5.89	8.10	5.75
5-month Price	7.73	3.87	5.71	6.84	7.24	6.25	7.64	6.44	6.73	6.44
Deficiency/CLD Rate	3.90/3.50	4.70	4.82	4.31	3.56	4.16	3.07	4.21	3.98	4.00
World Price	3.16	3.94	5.79	6.55	6.04	5.35	5.83	4.95	6.09	5.00
INCOME FACTORS										
Production Mkt. Value	881	500	942	1092	1135	1046	1194	1058	1264	1083
Deficiency Payments	375	495	545	555	457	555	458	614	571	600
Mkt. Loan/Certif.	287	388	200	63	94	181	84	288	273	270
Diversion/PIK	93	--	--	--	--	--	--	--	--	--
Disaster Payments	--	--	--	--	--	--	--	--	--	--
Total Income	1636	1383	1687	1710	1762	1782	1736	1960	2108	1953
MILLING RATE	70.8	71.2	69.9	71.5	72.6	72.0	70.5	70.0	70.0	70
ASCS/August 1994										

